

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CLARK RURAL ELECTRIC)	
COOPERATIVE CORPORATION TO ADJUST)	CASE NO. 92-219
ELECTRIC RATES)	

O R D E R

IT IS ORDERED that the Attorney General ("AG"), shall file the original and 12 copies of the following information with the Commission by November 5, 1992, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible.

1. On page 7 of Thomas C. DeWard's testimony, he states that if the Commission has consistently allowed a Times Interest Earned Ratio ("TIER") for distribution cooperatives of 2.0, that would be his recommendation for Clark Rural Electric Cooperative Corporation ("Clark"). Explain why Mr. DeWard believes the TIER authorized for other cooperatives should also be granted to Clark.

2. Provide the amount of revenue adjustment proposed by Mr. DeWard. Explain why Mr. DeWard has not made a recommendation concerning the amount of revenue change he believes is appropriate for Clark.

3. Refer to Exhibit TCD-1, Schedule 1. Provide a workpaper showing the calculations used to arrive at the 285 customers to be annualized in computing a proper going forward level of revenues.

4. Refer to Exhibit TCD-1, Schedule 5. Explain how Mr. DeWard determined that employee overtime was utilized for right-of-way clearing as Clark has indicated its right-of-way clearing is performed by outside contractors.

5. Refer to Exhibit TCD-1, Schedule 6. Provide a detailed explanation of why Mr. DeWard believes it is appropriate to amortize the total estimated cost of the automated mapping/facility management system, when at least \$48,113 of the cost has already been expensed by Clark.

6. Refer to Exhibit TCD-1, Schedule 7. Provide a detailed explanation of why using a constant inflation factor of 3 percent is preferable in determining the adjustment to storm damage expense, instead of calculating the adjustment using the Consumer Price Index - Urban ("CPI-U") values for the years 1985 through 1990. Provide a calculation of this adjustment using the CPI-U values.

7. Refer to Exhibit TCD-1, Schedules 8 and 9. Provide a detailed explanation of how Mr. DeWard determined that 75 percent of the test year annual meeting and Kentucky Living Magazine expenses should be removed for rate-making purposes. Include the reason(s) for selecting the 75 percent level.

8. Refer to Exhibit TCD-1, Schedule 10.

a. Explain how the purchase and installation of ground source heat pumps constitutes advertising activities.

b. State whether Mr. DeWard believes the promotion of ground source heat pumps can be viewed as a means of encouraging electric energy conservation. Explain.

Done at Frankfort, Kentucky, this 22nd day of October, 1992.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director